

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Joseph J. Simons, Chairman**
 Noah Joshua Phillips
 Rohit Chopra
 Rebecca Kelly Slaughter
 Christine S. Wilson

In the Matter of

**REEF INDUSTRIES, INC., a corporation,
d/b/a REEFCBD.COM and REEF WELLNESS,**

CANNATERA, INC., a corporation,

ANDHEMP, LTD., a limited company,

**ANDREW M. BOUCHIE, individually and as an
officer of REEF INDUSTRIES, INC.,
CANNATERA, INC., and ANDHEMP, LTD.,**

**JOHN R. CAVANAUGH, individually and as an
officer of REEF INDUSTRIES, INC., and**

**SHAUN PAQUETTE, individually and as an
officer of REEF INDUSTRIES, INC.,
CANNATERA INC., and ANDHEMP, LTD.**

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Reef Industries, Inc., a corporation, Cannatera, Inc., a corporation, AndHemp, Ltd., a limited company, and Andrew M. Bouchie, John R. Cavanaugh, and Shaun Paquette, individually and as officers and/or owners of Reef Industries, Inc., Cannatera, Inc., and/or AndHemp, Ltd. (collectively, “Respondents”), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Reef Industries, Inc. (“Reef”), also doing business as Reefcbd.com and Reef Wellness, is a California corporation with its principal office or place of business at 3033 Bristol Street #G, Costa Mesa, California 92626.

2. Respondent Cannatera, Inc., (“Cannatera”) is a California corporation with its principal office or place of business at 1235 E. Francis Street Suite M, Ontario, California 91761.
3. Respondent AndHemp, Ltd., (“AndHemp”) is a United Kingdom limited company with its principal office or place of business at 1235 E. Francis Street, Ontario, California 91761.
4. Respondent Andrew M. Bouchie (“Bouchie”) is an officer, director, and principal shareholder of Reef, an officer of Cannatera, and President and co-owner of AndHemp. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Reef.
5. Respondent John R. Cavanaugh (“Cavanaugh”) is an officer, director, and principal shareholder of Reef. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Reef.
6. Respondent Shaun Paquette (“Paquette”) is an officer and director of Reef, officer of Cannatera, and co-owner of AndHemp. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Reef.
7. Respondents Reef, Cannatera, and AndHemp (collectively, “Corporate Respondents”) have operated as a common enterprise while engaging in the unlawful acts and practices alleged below. Corporate Respondents have conducted the business practices described below through an interrelated network of companies that have common ownership, officers, business functions, business and mailing addresses, and unified advertising and marketing. Because these Corporate Respondents have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Respondents Bouchie, Cavanaugh, and Paquette formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the common enterprise alleged in this Complaint.
8. The acts and practices of Respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

Respondents’ Marketing of CBD Products

9. Cannabidiol (“CBD”) is a substance naturally occurring in, and that can be extracted from, the hemp plant, *cannabis sativa*. Respondents have advertised, promoted, offered for sale, sold, and distributed products containing CBD (“CBD Products”) that are intended for human use. According to the product labels and Respondents’ websites, dosages vary. These CBD Products are “food” and/or “drugs,” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act. For example:
 - A. Reef has sold a variety of CBD Products, including tinctures, gummies, gel caps, salves, gels, sprays, lotions, serums, moisturizers, and vape oils. These products contained, for example, between 9.884 to 644.700 mg of CBD per unit. Until

approximately January 2020, consumers could purchase these CBD Products from Respondents by ordering online at reefcbd.com, or at a brick and mortar store called Reef Wellness located at 3033 Bristol Street #G, Costa Mesa, California 92626.

- B. Cannatera has sold a variety of CBD Products containing different amounts of CBD. Cannatera's Refresh (Cleanser), for example, contained 83.520 mg of CBD per unit. Cannatera's Revive (Serum) contained 94.191 mg of CBD per unit. Cannatera's Renew (Moisturizer) contained 187.920 mg of CBD per unit. Until approximately January 2020, consumers could purchase Cannatera CBD Products from Respondents by ordering online at reefcbd.com.
- C. AndHemp has sold a variety of CBD Products containing different amounts of CBD. For example, AndHemp's lavender lotion contained 183.372 mg of CBD per unit. AndHemp's muscle gel contained 138.600 mg of CBD per unit. AndHemp's pain oil spray contained 359.100 mg of CBD per unit. Until approximately January 2020, consumers could purchase AndHemp CBD Products from Respondents by ordering online at andhemp.com or reefcbd.com.

10. Respondents have disseminated or have caused to be disseminated advertisements for CBD Products, including but not necessarily limited to the attached Exhibits A through Q. Respondents promoted CBD Products through a variety of means, including through their websites reefcbd.com and cannatera.com, and through social media platforms such as Twitter, Facebook, YouTube, and Instagram. These advertisements contained the following statements:

A. What Are Some Potential CBD Benefits?

...

CBD hemp oil has a huge range of potential health benefits and uses, including . . . fighting cancer, . . . eliminating depression, [and] preventing inflammatory arthritis

...

Reduces Anxiety and Depression

According to the Anxiety and Depression Association of America, depression affects 6% and anxiety affects 18% of the U.S. population each year. Research shows that CBD oil can help with both.

CBD has been shown to reduce levels of stress and anxiety in those suffering from conditions such as PTSD, social anxiety disorder, and obsessive-compulsive disorder. . . .

Though a B12 deficiency may also be to blame, CBD has been shown to reduce depression by enhancing both serotonergic and glutamate cortical signaling (both are lacking in those with depression).

Calms Childhood Epilepsy

CBD has anti-seizure properties that have been shown to successfully treat drug-resistant children who have neurological disorders like epilepsy (with no side effects!). In one study published in the New England Journal of Medicine, CBD decreased frequency of seizures by 23 percentage points more than those taking a placebo.

Relief for Chronic Pain

Those suffering from chronic pain from diseases like fibromyalgia are finding relief with CBD. Taking CBD can offer pain relief and can even prevent nervous system degeneration. In fact, it has been approved in Canada for multiple sclerosis and cancer pain [sic].

...

Reduces Inflammation

Chronic inflammation is a huge problem in our society that contributes to many non-infectious diseases including heart disease, cancer, Alzheimer's, autoimmune disease, and more, according to the National Center for Biotechnology Information.

Diet and lifestyle play a huge part in chronic inflammation but when folks are already eating a healthy, nutrient dense diet and optimizing their lifestyle (getting enough sleep and exercise for example), CBD oil can help. Research also shows that CBD oil can reduce chronic inflammation that leads to disease.

...

Improves Heart Health

Heart disease is a growing problem today. In fact, it's the leading cause of death in the U.S. A healthy diet and lifestyle are a top [sic] priority for heart health, but CBD oil can also help. According to research cannabidiol reduces artery blockage, reduces stress induced cardiovascular response, and can [sic] reduce blood pressure. It may also reduce cholesterol.

As mentioned earlier, CBD oil is helpful in preventing oxidative stress and inflammation. Both of these are often precursors to heart disease.

(Exhibit A, blog post by Reef, *What Are Some Potential CBD Benefits?* (January 1, 2019), www.reefcbd.com).

B. **Nature's Medicine: Top 5 Health Benefits of CBD Oil**

If you suffer from chronic pain, anxiety, seizures, or any number of other maladies, finding relief can feel impossible. But did you know there's a natural treatment that can help?

It's true! CBD oil is an effective treatment or supplemental treatment for tons of issues, from everyday aches and pains to complex diseases like cancer.

...

Cancer-Fighting

Although the research about hemp oil as a treatment for cancer is still new, it's very promising. Preliminary studies have shown that CBD slows the growth of certain kinds of cancer cells, or kills them entirely (<https://www.cancer.org/treatment/treatments-and-side-effects/complementary-and-alternativemedicine/marijuana-and-cancer.html>). Although CBD should not be used as a cancer treatment on its own, it's a great addition to professionally supervised medical care.

...

Anti-Seizure

When the electrical activity of the brain fluctuates, seizures occur. Thankfully, CBD oil can help control seizures. One study showed a 38.9 percent drop (<https://www.nejm.org/doi/full/10.1056/NEJMoa1611618#t=article>) in seizure activity in people who regularly took CBD.

Fights Diabetes

If you or someone you love suffers from diabetes, try using CBD oil to treat it. Not only is it safer than the most common diabetes medications, but it's also more effective. CBD oil can prevent diabetes and obesity, treat insulin resistance, and help with the chronic skin sensitivity that often accompanies diabetes.

Be Well!

As you can see, CBD is a safe and effective treatment for many ailments and diseases. It works with our bodies' natural processes and rhythms to restore balance and health.

If you suffer from anxiety, pain, diabetes, seizures, or even cancer, try adding CBD oil into your treatment regimen. It could change your life!

(Exhibit B, blog post by Reef, *Nature's Medicine: Top 5 Health Benefits of CBD Oil* (Jan. 22, 2019), www.reefcbd.com).

C. Ryan Smith Trains Hard With Reef CBD

...

Reef CBD has a huge range of potential health benefits and uses, including . . . fighting cancer . . . [and] preventing inflammatory arthritis

...

Not only does Reef CBD interact with receptors in the brain, but it also works with the immune system. Reef CBD oil for pain will reduce inflammation and relieve pain at the same time. Chronic inflammation is a huge problem in our society that contributes to many non-infectious diseases including heart disease, cancer, Alzheimer's, autoimmune disease, and more, according to the National Center for Biotechnology Information. Diet and lifestyle play a huge part in chronic inflammation but when folks are already eating a healthy, nutrient-dense diet and optimizing their lifestyle (getting enough sleep and exercise for example), Reef CBD can help. Research also shows that CBD can reduce chronic inflammation that leads to disease.

...

CBD has been shown to reduce levels of stress and anxiety in those suffering from conditions such as PTSD, social anxiety disorder, and obsessive-compulsive disorder. . . . CBD has been shown to reduce depression by enhancing both serotonergic and glutamate cortical signaling (both are lacking in those with depression).

(Exhibit C, blog post by Reef, *Ryan Smith Trains Hard with Reef CBD* (May 29, 2019), www.reefcbd.com).

D. 7 CBD Benefits Strongly Backed by Science

...

Protect Nerves

Studies have shown that CBD may protect the nerve endings and dampen overactive messages traveling through the nervous system. A seizure is an overwhelming of the brain with too many messages at once. But this protection may go beyond seizures.

- A 2018 professional review of existing studies found that nerve protection may help those with Parkinson's and Multiple Sclerosis.
- A 2018 study found that for those with Parkinson's early, [sic] intervention is vital because the damage that Parkinson's does to the nerves happens quickly and is irreversible, making CBD's effects limited.
- A study conducted by Maryland researchers way back in 2000 had already determined that CBD was able to protect nerves from damage. While we have scientific rigor for a reason, it also means that sometimes scientists spend decades studying something before we see practical application in therapeutics or medicine.

Has CBD's day finally come? We hope so. And with each new study confirming the findings of the last, that looks to be the case.

Many scientists believe that CBD benefits may extend to other conditions that damage nerves like celiac, the disease that causes gluten intolerance as well as multiple sclerosis (MS), lupus and rheumatoid arthritis. But it's still too early in the studies. You might choose to use to see if it helps you with conditions of the nervous system. But the jury is still out on these CBD benefits.

But seizures and nerve protection aren't the only areas where the science is strong.

...

Reduce inflammation

The benefits of CBD on inflammation are something anyone can get excited about, even the chilliest dude you know. A lot of the chronic diseases that exist today wouldn't exist without inflammation. For example, irritable bowel syndrome (IBS), colitis, arthritis, dermatitis, autoimmune diseases. Inflammation is important. It's how your body fights infection. But when it sticks around after

last call, it becomes that belligerent drunk who's flipping the tables and making those unwanted advances.

The benefits of CBD for inflammation are promising. But it may be some time though before we can say that it can treat a specific disease. More studies are needed to find the right doses. But until then, many people are experimenting and reporting positive results.

- In 2016, researchers found that a high dose of CBD could significantly reduce colon inflammation when given via a suppository.
- A 2017 study showed that CBD reduced joint inflammation[.] They found the most effective dose to be 300 µg, which is approximately 1/3 of a milligram. It reduced inflammation response by nearly 23%.
- In 2016, researchers used CBD to reduce gum inflammation in those with gingivitis.

And we're only scratching the surface here.

...

Reduce anxiety symptoms

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Multiple studies support the anti-anxiety effects of CBD. Researchers are particularly interested in its ability to help people with:

- Panic disorder
- Obsessive-compulsive disorder (OCD)
- Social anxiety disorder
- Post-traumatic stress disorders

...

Reduce intestinal distress

Irritable Bowel Syndrome is an inflammatory condition, but it deserves its own section. Common IBS diseases include ulcerative colitis and Crohn's.

- A 2013 study on those with IBS found that CBD is a “very promising compound since it shares the typical cannabinoid beneficial effects on gut lacking any psychotropic effects[.]”
- A 2011 study showed a reduction in TNF- α expression as well as the presence of cleaved caspase-3 in the intestines of those with colitis. Both of these markers represent a scientifically measurable reduction in bowel inflammation.
- A 2009 study found that CBD reduced damage to the colon caused by toxins, such as chemo.

(Exhibit D, blog post by Reef, *7 CBD Benefits Strongly Backed by Science* (June 7, 2019), www.reefcbd.com).

E. **Reef CBD Body Rubs Not Your Typical Topical**

...

Chronic inflammation is a huge problem in our society that contributes to many non-infectious diseases including heart disease, cancer, Alzheimer’s, autoimmune disease, and more, according to the National Center for Biotechnology Information. Diet and lifestyle play a huge part in chronic inflammation but when folks are already eating a healthy, nutrient-dense diet and optimizing their lifestyle (getting enough sleep and exercise for example), Reef CBD body rub can help. Research also shows that CBD oil can reduce chronic inflammation that leads to disease.

The benefits of CBD on inflammation are something anyone can get excited about, even the chilliest dude you know. A lot of the chronic diseases that exist today wouldn’t exist without inflammation. For example, irritable bowel syndrome (IBS), colitis, arthritis, dermatitis, autoimmune diseases. Inflammation is important. It’s how your body fights infection. But when it sticks around after last call, it becomes that belligerent drunk who's flipping the tables and making those unwanted advances.

The benefits of Reef CBD for inflammation are promising. Many people are experimenting and reporting positive results.

- In 2016, researchers found that a high dose of CBD could significantly reduce colon inflammation when given via suppository.
- A 2017 study showed that CBD reduced joint inflammation. They found the most effective dose to be 300 μg , which is approximately 1/3 of a milligram. It reduced inflammation response by nearly 23%.

- In 2016, researchers used CBD to reduce gum inflammation in those with gingivitis.

...

- A 2018 study on HIV patients showed the CBD reduced nerve pain by 30%. This can likely be attributed to the anti-inflammation and neuroprotective properties.

(Exhibit E, blog post by Reef, *Reef CBD Body Rubs Not Your Typical Topical* (June 18, 2019), www.reefcbd.com).

F. **ReefCBD**

@ReefCBD_

Heart disease is a growing problem today. In fact, it's the leading cause of death in the U.S. A healthy diet and lifestyle is a top priority for heart health, but CBD oil can also help. #FridayFeeling

ACCORDING [SIC] TO RESEARCH CANNABIDIOL REDUCES ARTERY BLOCKAGE, REDUCES STRESS INDUCED CARDIOVASCULAR [SIC] RESPONSE, AND CAN REDUCE BLOOD PRESSURE.

FOR MORE INFORMATION GO TO WWW.REEFCBD.COM.

*THIS STATEMENT HAS NOT BEEN EVALUATED BY THE FOOD AND DRUG ADMINISTRATION. THIS PRODUCT IS NOT INTENDED TO DIAGNOSE, TREAT, CURE, OR PREVENT ANY DISEASE.

(Exhibit F, Tweet by @reefcbd (Nov. 9, 2018), <https://twitter.com/ReefCBD/status/1060932604910723072>).

G. **CANNABINOID AND CANNATERA: THE BENEFITS OF CBD ON THE SKIN**

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It Soothes Inflammation

If you suffer from eczema, rosacea or psoriasis, you're familiar with the scaly, red bumps that arise due to inflammation. This is where CBD skin care benefits shine.

Applied topically, the oil interacts with our body's own endocannabinoid receptors. In turn, inflammation decreases, along with painful itching.

In fact, one study of 21 patients found that, after three weeks of applying CBD lotion twice a day, eight were able to permanently eliminate their severe skin itching.

...

One study revealed that CBD is also a neurological protectant, helping to treat age-related disorders including cerebral ischemia, which occurs when blood flow to the brain is compromised.

(Exhibit G, web ad by Andrew M. Bouchie, *Cannabinoid and Cannatera: The Benefits of CBD on the Skin* (Mar. 25, 2019), https://medium.com/@andy_67985/cannabinoid-and-cannatera-the-benefits-of-cbd-on-the-skin-b0db6b215175).

H. HOW CBD PRODUCTS ARE BENEFICIAL TO YOUR BODY

...

ECZEMA

All of CBD lotion, CBD salve, and even CBD cream [sic] can help to treat eczema. However, at this point, it is necessary to point out that they work to different degrees for different people because people have different skin composition. CBD helps some people to get eczema off their skin completely but it only works partially for others.

This is normal as there is no single drug that works for everyone.

...

PAIN

This is the most popular benefit of CBD on the body. Nevertheless, it is necessary to mention it here too. A lot of studies and clinical trials have confirmed it and many people who have used it have also confirmed the efficacy of CBD on chronic pain.

(Exhibit H, blog post by Cannatera, *How CBD Products Are Beneficial to Your Body* (June 13, 2019), <https://cannatera.com/blogs/news/how-cbd-products-are-beneficial-to-your-body>).

I. ACNE, INFLAMMATION AND CBD

...

Scientific Research

Science supports its efficacy in this capacity: research shows that CBD may treat all kinds of skin problems, including chronic conditions. A study finding that CBD slows overproduction of skin cells signals promise for psoriasis; According [sic] to the National Center for Biotechnology Information, chronic inflammation is a consistent problem in the United States, contributing to numerous non-infectious diseases like heart disease and autoimmune disease. Although diet and lifestyle play a significant role in chronic inflammation, CBD oil can encourage improvement.

(Exhibit I, blog post by Cannatera, *Acne, Inflammation and CBD* (July 19, 2019), <https://cannatera.com/blogs/news/acne-inflammation-and-cbd>).

J. UV RAYS: WHY ARE THEY HARMFUL?

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Exposure to UVA rays contributes to premature aging factors such as wrinkles and fine lines. On the other hand, UVB exposure is linked to sunburns and skin cancers. Although UVC rays do not penetrate the Earth, they can come from tanning beds and lights fixtures which can ultimately lead to skin cancer. People that are overexposed to UV radiation have a higher risk of developing skin cancer.

...

One of the key ingredients in our moisturizer is Cannabidiol. Studies suggest that CBD may prevent premature aging, inflammation, and UV ray damage when applied to the skin.

(Exhibit J, blog post by Cannatera, *UV Rays: Why Are they Harmful?* (Aug. 19, 2019), <https://cannatera.com/blogs/news/uv-rays-why-are-they-harmful>).

K. CBD OIL FOR ACNE: IS IT EFFECTIVE?

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Another study in 2016 revealed that the cannabis plant has antibacterial and anti-fungal effects. These characteristics help reduce infections from dirt and other pollutants on the skin.

(Exhibit K, blog post by Cannatera, *CBD Oil for Acne: Is it Effective?* (June 9, 2019), <https://cannatera.com/blogs/news/cbd-oil-for-acne-is-it-effective>).

L. REASONS WHY CBD SHOULD BE IN YOUR SKINCARE REGIMEN

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Hence, CBD may help deal with a wide range of skin conditions such as eczema, psoriasis, and pesky breakouts.

(Exhibit L, blog post by Cannatera, *Reasons Why CBD Should be in Your Skincare Regimen* (May 26, 2019), <https://cannatera.com/blogs/news/reasons-why-cbd-should-be-in-your-skincare-regimen>).

M. CAN CBD REALLY HELP ACNE?

...

Other research shows that CBD can be effective in reducing stress levels, which, in turn, can alleviate skin conditions like acne. CBD might be particularly effective for people who suffer from social anxiety.

“A small 2010 study found that cannabidiol could reduce symptoms of social anxiety in people with a social anxiety disorder (SAD). Brain scans of participants revealed changes in blood flow to the regions of the brain linked to feelings of anxiety,” says Medical News Today.

(Exhibit M, blog post by Cannatera, *Can CBD Really Help Acne?* (May 22, 2019), <https://cannatera.com/blogs/news/can-cbd-really-help-acne>).

N. HEMP OIL SKIN CARE: HOW HEMP OIL BENEFITS YOUR SKIN

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With sales of CBD products projected to hit \$22 billion by 2022, it’s important to know why people are using it so much.

From helping diabetics, to preventing heart disease and anxiety, the benefits seem to be endless.

...

LOWERS BLOOD SUGAR

CBD is commonly used by diabetics for its regulating effects on blood sugar, but how does that affect your skin?

Hyperglycemia, high blood sugar, is believed to be a common cause of acne. CBD, even when absorbed through the skin, can help regulate that, lowering your risk of pesky pimples.

(Exhibit N, blog post by Cannatera, *Hemp Oil Skin Care: How Hemp Oil Benefits Your Skin* (Apr. 18, 2019), <https://cannatera.com/blogs/news/how-does-hemp-oil-benefit-your-skin>).

O. INFLAMMATORY CONDITIONS LEAD TO MANY SKIN PROBLEMS

...

Inflammation causes an itchy rash that can often be treated and dealt with easily. Other times, inflammation leads to chronic conditions like eczema, psoriasis, rosacea, and seborrheic dermatitis that require ongoing treatment to keep under control.

...

When skin inflammation is severe, medical interventions are often sought to fight it. However, in many cases, mild to severe inflammation can be kept in check by using the proper skincare products on a daily basis. This would include those offered by Cannatera. Our products contain CBD, a compound found in the hemp plant. You've probably heard of it. CBD has been garnering a lot of attention over the last few years in the health and beauty world for its anti-inflammatory and anti-aging properties.

According to recent research on the subject, by regularly using products containing CBD, such as Cannatera skincare products, you'll be applying the anti-inflammatory power of CBD oil and the powerful anti-oxidants it contains directly to the source of your inflammation, and relief can be achieved quickly.

(Exhibit O, blog post by Cannatera, *Inflammatory Conditions Lead to Many Skin Problems* (Jan. 23, 2019), <https://cannatera.com/blogs/news/inflammatory-conditions-lead-to-many-skin-problems>).

P. Studies show that the endocannabinoid system may be critical for regulating sleep and sleep stability, as it promotes harmony throughout the body. When CBD interacts with this system, those who suffer may be able to achieve longer periods and overall quality of sleep. CBD may also provide relief for insomnia sufferers who struggle to achieve REM sleep due to anxiety.

...

CBD for Insomnia

Nearly 40 million people in America suffer from chronic insomnia.

Source: National Center for Biotechnology Information

(Exhibit P, Facebook post by @AndHemp (Nov. 3, 2019), <https://www.facebook.com/andhemp/photos/a.557224958418793/560463798094909/?type=3&theater>).

Q. CBD Benefits: A Look at CBD as a Potential Digestive Aid

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To date, the most effective methods of treatment for people with these debilitating conditions has been to offer some kind of medication to help combat symptoms. The cannabinoid cannabidiol (CBD) which is one of over a hundred cannabinoids found in the cannabis plant, could bring new levels of relief to people who have issues with things like irritable bowel syndrome or Chron's [sic] disease.

...

Scientists have stated:

“Pharmacological modulation of the endogenous cannabinoid system could provide a new therapeutic target for the treatment of a number of gastrointestinal diseases...”

This is exciting news for people who deal with GI issues on a daily basis, especially when so many other prescription medication alternatives come along with side effects that can be just as troubling as the condition alone.

There have been a few small formal studies to help solidify this abstract assumption that scientists have made about CBD. One small study of 46 people who had moderately severe Chron's [sic] disease showed that 65 percent of participants saw a full remission of their symptoms. There was a review published in 2008 by a neurologist that stated IBS could be a result of a clinical endocannabinoid deficiency. In 2011, one study found that CBD helped create a reduction in inflammation in the bowels caused by a pesky bacterium called bacterial lipopolysaccharides (LPS), which just happens to be a major thing in the bodies of people with have IBS.

...

Even though there is no definitive dosing guidelines or proof that CBD is a cure-all for digestive issues, it is an alternative treatment that could be worth a shot if you are suffering from GI issues. Check out the CBD oil for sale on AndHemp.

(Exhibit Q, blog post by AndHemp, *CBD Benefits: A Look at CBD as a Potential Digestive Aid* (July 8, 2019), www.andhemp.com).

Count I False or Unsubstantiated Efficacy Claims

11. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that CBD Products effectively prevent, cure, treat, or mitigate multiple diseases and other health conditions, including: acne, Alzheimer's disease, arthritis, autoimmune disease, cancer, celiac disease, childhood epilepsy, chronic inflammation, chronic insomnia, chronic pain (including chronic pain from fibromyalgia, multiple sclerosis, and cancer), colitis, Crohn's disease, damage to the colon due to chemotherapy, depression, diabetes, eczema, epilepsy, gingivitis, heart disease, insulin resistance, irritable bowel syndrome ("IBS"), lupus, multiple sclerosis, neurodegenerative disorders, neurological and age-related disorders (including cerebral ischemia), obsessive-compulsive disorder ("OCD"), panic disorder, Parkinson's disease, post-traumatic stress disorder ("PTSD"), psoriasis, rosacea, seizures, seizure disorders, skin cancer, skin infections, social anxiety disorder, and strokes.

12. The representations set forth in Paragraph 11 are false or misleading, or were not substantiated at the time the representations were made.

Count II False Establishment Claims

13. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that studies or scientific research prove that CBD Products effectively prevent, cure, treat, or mitigate multiple diseases and other health conditions, including: arthritis, autoimmune disease, cancer, childhood epilepsy, chronic inflammation, chronic insomnia, chronic pain (including chronic pain from fibromyalgia, multiple sclerosis, and cancer), colitis, Crohn's disease, damage to the colon due to chemotherapy, depression, epilepsy, gingivitis, heart disease, irritable bowel syndrome ("IBS"), multiple sclerosis, neurological and age-related disorders (including cerebral ischemia), obsessive-compulsive disorder ("OCD"), panic disorder, Parkinson's disease, post-traumatic stress disorder ("PTSD"), psoriasis, seizures, seizure disorders, skin cancer, skin infections, social anxiety disorder, and strokes.

14. In fact, studies or scientific research do not prove that CBD Products effectively prevent, cure, treat, or mitigate multiple diseases and other health conditions, including: arthritis, autoimmune disease, cancer, childhood epilepsy, chronic inflammation, chronic insomnia, chronic pain (including chronic pain from fibromyalgia, multiple sclerosis, and cancer), colitis, Crohn's disease, damage to the colon due to chemotherapy, depression, epilepsy, gingivitis, heart

disease, irritable bowel syndrome (“IBS”), multiple sclerosis, neurological and age-related disorders (including cerebral ischemia), obsessive-compulsive disorder (“OCD”), panic disorder, Parkinson’s disease, post-traumatic stress disorder (“PTSD”), psoriasis, seizures, seizure disorders, skin cancer, skin infections, social anxiety disorder, and strokes. Therefore, the representations set forth in Paragraph 13 are false or misleading.

Violations of Sections 5 and 12

15. The acts and practices of Respondents as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this _____ day of _____, 20___, has issued this Complaint against Respondents.

By the Commission.

April J. Tabor
Acting Secretary

SEAL: